

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-10 NSAE-00
PA-01 ICA-11 SP-02 AID-05 HA-05 DOTE-00 XMB-02
OMB-01 TRSE-00 /050 W
-----065785 270823Z /11
R 270302Z APR 78
FM AMEMBASSY RANGOON
TO SECSTATE WASHDC 5279

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E.O. 11652: N/A
TAGS: ETLN, ECRE, ELAB, EAID
SUBJECT: GUB PLANS TO CONSTRUCT NEW RANGOON/MANDALAY HIGHWAY

SUMMARY: THE GUB HAS COMMENCED CONSTRUCTION OF A NEW RANGOON-
MANDALAY HIGHWAY. THE CONCRETE HIGHWAY, WHICH IS TO BE
INITIALLY FOUR LANES, IS TO BE BUILT BY CONVICT LABOR UTILIZING
NO MECHANIZED EQUIPMENT OR FOREIGN EXCHANGE. GUB SOURCES
CONTEND THAT PRESIDENT NE WIN PERSONALLY REJECTED A WORLD
BANK PROPOSAL TO REVAMP THE EXISTING ROADWAY AND ORDERED THAT THE
CONSTRUCTION BEGIN IMMEDIATELY WITHOUT FOREIGN ASSISTANCE. THE
GUB HAS SET NO DATE FOR COMPLETION OF THE PROJECT AND IT APPEARS
THAT MOST BURMESE TECHNICIANS AND ENGINEERS REGARD THE PROJECT
AS MERELY AN EFFORT TO PACIFY THE PRESIDENT AND COMPLY WITH HIS
DIRECTIVE. SOME GUB OFFICIALS MAY STILL CARRY THE HOPE THAT THE
U.S. WILL BAIL THEM OUT OF THIS SITUATION BY RENEWING A PROJECT
TO FUND CONSTRUCTION OF A RANGOON/MANDALAY HIGHWAY AN AID
PROJECT WHICH THE PRESENT BURMESE REGIME UNILATERALLY CANCELLED
ABOUT 15 YEARS AGO. END SUMMARY

1. AMID MUCH FANFARE THE GUB ANNOUNCED ON APRIL 17 THAT
CONSTRUCTION OF A NEW HIGHWAY LINKING RANGOON AND MANDALAY, A
DISTANCE OF SOME 425 MILES, WOULD COMMENCE THAT DAY. THE MINISTER
FOR HOME AND RELIGIOUS AFFAIRS AND THE MINISTER FOR
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CONSTRUCTION OFFICIATED AT THE RATHER ELABORATE OPENING
CEREMONIES FOR THE PROJECT.

2. THE PROJECT, AS ENVISIONED BY THE GUB, PROVIDES FOR THE
CONSTRUCTION OF A FOUR LANE CONCRETE HIGHWAY BETWEEN RANGOON
AND MANDALAY. EACH LANE IS TO BE 26 FEET WIDE WITH A TEN-FOOT
DIVIDING STRAIT BETWEEN TWO LANES GOING IN ONE DIRECTION AND TWO

LANES GOING IN THE OPPOSITE DIRECTION. THE FOUR LANES ARE TO BE EXTENDED TO EIGHT LANES IN LATER STAGES. THE BOUNDARY FOR THE HIGHWAY IS SET AT 600 FEET, AND MOTOR VEHICLES ARE TO BE ABLE TO TRAVEL THE EXPRESSWAY AT MAXIMUM SPEEDS OF 70 MILES PER HOUR.

3. NO FOREIGN ASSISTANCE IS TO BE REQUIRED FOR THE CONSTRUCTION AS NO FOREIGN EXCHANGE IS TO BE SPENT. THE GUB INTENDS TO BUILD THE HIGHWAY UTILIZING ONLY LOCALLY PROCURED MATERIAL AND LOCAL LABOR. FURTHER, IT IS TO BE BUILT ENTIRELY BY HAND LABOR--NO IMPORTED MACHINERY EVEN IF IT IS ALREADY IN THE COUNTRY AND AVAILABLE IS TO BE USED. THE MANAGING DIRECTOR OF THE GUB CONSTRUCTION CORPORATION TOLD AN EMBASSY OFFICER THAT HIS CORPORATION HAD BEEN EXPRESSLY FORBIDDEN TO PROVIDE ANY MECHANIZED EQUIPMENT FOR THE PROJECT.

4. THE GUB WILL USE CONVICT LABOR TO BUILD THE HIGHWAY. FIVE THOUSAND CONVICTS HAVE ALREADY BEEN PUT TO WORK ON THE PROJECT AND ANOTHER 5,000 CONVICTS WILL BE ADDED TO THE LABOR FORCE NEXT OCTOBER. THE CONVICTS ARE TO BE COMPENSATED FOR THEIR LABOR. MOST WILL PROBABLY RECEIVE THE MINIMUM WAGE OF K5.40 (\$.77) PER DAY, BUT THIS WILL BE SUBJECT TO A NUMBER OF DEDUCTIONS. FROM THE WAGE PAID TO THE PRISONERS, 50 PERCENT WILL BE DEDUCTED AND PAID TO THE PRISONS DEPARTMENT FOR EXPENSES INCURRED; ANOTHER THREE PERCENT WILL BE SET ASIDE FOR THE PRISONERS WELFARE; 23 PERCENT WILL BE GIVEN AS BONUSES TO PRISONS DEPARTMENT PERSONNEL; AND THE REMAINING 24 PERCENT (ABOUT (.18 PER DAY) WILL BE ACTUALLY PAID LIMITED OFFICIAL USE

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TO THE CONVICTS IN THE LABOR GANGS. HOWEVER, THE CONVICT LABORERS WILL RECEIVE CERTAIN NON-MONETARY BENEFITS. THEY WILL BE ALLOWED VISITORS ONCE EVERY TWO WEEKS IN THEIR FIRST MONTH OF WORK AND ONCE A WEEK IN THE SECOND MONTH. BEGINNING WITH THE THIRD MONTH THEY WILL BE ALLOWED TO SPEND ONE DAY WITH THEIR FAMILIES EVERY WEEK. AFTER SIX MONTHS WORK THEY WILL BE ALLOWED TO VISIT THEIR FAMILIES FOR TEN DAYS AND AFTER ONE YEAR THEY CAN SPEND 15 DAYS WITH THEIR FAMILIES. THE PRISONERS WILL ALSO BECOME ELIGIBLE FOR A ONE/THIRD REDUCTION OF THEIR SENTENCES. ALL THESE BENEFITS ARE CONTINGENT ON GOOD BEHAVIOR, GOOD DISCIPLINE AND GOOD WORK. APPARENTLY SOME OF THE CONVICTS DO NOT APPRECIATE THE "BENEFITS AND OPPORTUNITY" AFFORDED THEM. ALTHOUGH THE PROJECT HAS BEEN UNDERWAY LESS THAN TEN DAYS, ONE KNOWLEDGEABLE GUB OFFICIAL SAID THAT ESCAPES AND ATTEMPTED ESCAPES FROM THE WORK CAMP HAVE ALREADY BECOME A MAJOR HEADACHE FOR THE OFFICERS IN CHARGE.

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PA-01 ICA-11 SP-02 AID-05 HA-05 XMB-02 OMB-01
DOTE-00 TRSE-00 /050 W
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R 270302Z APR 78
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5. GUB OFFICIALS ARE RELUCTANT TO DISCUSS THE PROJECT AND ARE OPENLY EMBARRASSED WHEN THE SUBJECT IS MENTIONED. THE MOST THEY WILL SAY IS THAT THE ORDERS INITIATING THE PROJECT "CAME FROM THE VERY TOP", I.E., DIRECTLY FROM PRESIDENT NE WIN. THE WORLD BANK HAD PROPOSED TO FINANCE A RANGOON-MANDALAY HIGHWAY PROJECT, AND HAD FUNDED A FEASIBILITY STUDY. THE STUDY RECOMMENDED THAT, BASED ON FORESEEABLE TRAFFIC USE, THE PRESENT ROAD BETWEEN RANGOON AND MANDALAY BE UPGRADED, WIDENED AND REPAIRED. THIS WAS TO BE DONE IN SEVERAL STAGES TOGETHER WITH REHABILITATION OF OTHER FEEDER ROADS. THE LOAN TO FINANCE THE FIRST STAGE WAS ESTIMATED AT \$45 MILLION. ALL SOURCES AGREE THAT BURMA'S TECHNICIANS FOUND THE WORLD BANK PROPOSAL ACCEPTABLE, BUT NE WIN REJECTED IT AND DEMANDED THAT A MODERN EXPRESSWAY BE BUILT, WITH THE WORK COMMENCING THIS YEAR. IF FOREIGN ASSISTANCE COULD NOT BE OBTAINED, NE WIN DIRECTED THAT BURMA GO IT ALONE AND CONSTRUCT THE HIGHWAY WITHOUT FOREIGN ASSISTANCE OR USE OF FOREIGN EXCHANGE. ONE SOURCE CLAIMS THAT NE WIN PERSONALLY SET OUT THE ALIGNMENTS FOR THE HIGHWAY.

6. THE SCHEME DEVISED FOR CONSTRUCTION OF THE HIGHWAY SEEMS DESIGNED TO COMPLY WITH NE WIN'S DIRECTIVE WITHOUT GREATLY DRAWING DOWN ON BURMA'S MEAGRE RESOURCES. THERE IS NO TIMETABLE FOR COMPLETION OF THE PROJECT, AND NO RESPONSIBLE GUB OFFICIAL WOULD EVEN SUGGEST A POSSIBLE COMPLETION DATE--APPARENTLY WORK ON THE
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PROJECT IS INTENDED TO CONTINUE FOR THE REST OF NE WIN'S LIFETIME OR HIS TENURE IN OFFICE. NO ATTENTION HAS BEEN GIVEN TO WHETHER BURMA CAN PRODUCE THE NECESSARY INPUTS SUCH AS CEMENT FOR THE ROADWAY. THE GENERAL THINKING AMONG GUB OFFICIALS SEEMS TO BE THAT WORK WILL PROGRESS SO SLOWLY THAT THERE IS LITTLE NEED TO WORRY ABOUT AVAILABILITY OF MATERIALS FOR FUTURE DELIVERY.

7. BUILDING A MODERN HIGHWAY WITH ONLY PICK AND SHOVEL (AND WITH LESS-THAN-WILLING WORKERS) UTILIZING NO FOREIGN EXCHANGE SEEMS INCONSISTENT WITH THE MUCH HERALDED "MORE PRAGMATIC" APPROACH THE GUB IS SUPPOSED TO BE PRESENTLY FOLLOWING--IT SEEMS A THROWBACK TO GUB PRACTICES OF THE 1960'S. THE GUB ROAD TO MANDALAY AS WITH THE BURMESE ROAD TO SOCIALISM SEEMS DESTINED FOR DELAYS, FRUSTRATIONS AND FAILURES. IF TI IS EVER COMPLETED, IT WILL, IN THE WORDS OF THE GUB MINISTER FOR CONSTRUCTION, "STAND AS A LANDMARK IN THE HISTORY OF ROADS".

8. PERHAPS, HOWEVER, THE GUB AND NE WIN HOPE THAT SOME FOREIGN DONOR WILL EVENTUALLY PROVIDE THE FUNDS TO COMPLETE THE PROJECT WITH MODERN EQUIPMENT. A KNOWLEDGEABLE GUB OFFICIAL, THOUGH NOT CONNECTED WITH THE PROJECT, TOLD AN EMBASSY OFFICER THAT MANY TOP OFFICIALS HOPE, AND SOME ACTUALLY EXPECT, THAT THE U.S. WILL AGAIN OFFER TO FUND THE CONSTRUCTION OF A RANGOON-MANDALAY HIGHWAY, AN AID PROJECT THAT WAS UNILATERALLY CANCELLED BY THE PRESENT BURMESE REGIME NOT LONG AFTER IT TOOK POWER IN 1962. WE OF COURSE HAVE DONE AND WILL DO NOTHING TO ENCOURAGE SUCH HOPES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, HIGHWAYS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978RANGOO01484
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780179-1224
Format: TEL
From: RANGOON
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t1978049/aaaaahjt.tel
Line Count: 191
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3067284
Secure: OPEN
Status: NATIVE
Subject: GUB PLANS TO CONSTRUCT NEW RANGOON/MANDALAY HIGHWAY SUMMARY: THE GUB HAS COMMENCED CONSTRUCTION OF A NEW RANGOON- MANDALAY HIGHWAY. THE CONCRETE HIGHWAY, WHICH IS T
TAGS: ELTN, ECRE, ELAB, EAID, BM
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/d705eeb5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014